

REDACTED EXHIBIT F
(SIEGEL TRANSCRIPT EXCERPTS)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 1

2 UNITED STATES DISTRICT COURT

3

4 SOUTHERN DISTRICT OF NEW YORK

5 -----

6 SECURITIES AND EXCHANGE

7 COMMISSION,

8 Plaintiff,

9

Action No.

10

1:06-cv-2621-LTS-DFE

11

-vs-

12

13 ANDREAS BADIAN, et al.,

14

15 Defendants.

16 -----

17

18 Three World Financial Center

19

New York, New York

20

July 28, 2009

21

10:00 a.m.

22

23 CONFIDENTIAL VIDEOTAPED DEPOSITION of

24 STEFAN SIEGEL, before Debra Goodfriend, Certified

25 Shorthand Reporter, and Notary Public.

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 14	Page 16
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Did Mr. Badian tell you what it is he</p> <p>3 wanted to you to do when you joined Rhino?</p> <p>4 A. Yes.</p> <p>5 Q. What did he tell you?</p> <p>6 A. Due diligence on companies that he was</p> <p>7 thinking of doing deals for, for his investment fund,</p> <p>8 research.</p> <p>9 Q. Had you discussed your previous</p> <p>10 experience in doing due diligence on companies with</p> <p>11 him at that time?</p> <p>12 A. Yes.</p> <p>13 Q. What did you discuss?</p> <p>14 A. I -- I was part timing with a small</p> <p>15 boutique business intelligence company, basically a</p> <p>16 one-man show, kind of like a mini Croll, doing very</p> <p>17 sophisticated counter-intelligence, business</p> <p>18 counter-intelligence type stuff. And I was involved</p> <p>19 in a couple investigations. And that required me to</p> <p>20 dig very very deep into SEC filings of companies, and</p> <p>21 to corporate structures. And so we had talked about</p> <p>22 that, talked about my experiences with that. And it</p> <p>23 kind of opened a window into the inner workings of the</p> <p>24 markets and corporations.</p> <p>25 Q. Did you have any academic training in</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 interpretations.</p> <p>3 Q. Did you explain that to Thomas Badian?</p> <p>4 A. He knew I was who I was. We knew each</p> <p>5 other in a social setting beforehand. He knew that I</p> <p>6 was -- I don't think he had any real understanding of</p> <p>7 the stuff I studied, but he knew I was a very -- I</p> <p>8 don't know what, he would probably put a derogatory</p> <p>9 term on it, but very much an academic, very much a</p> <p>10 theoretical-type person, not a business person, at the</p> <p>11 time.</p> <p>12 Q. Did he know that you had studied the</p> <p>13 criticism of capitalism when you were in college?</p> <p>14 A. I don't know. I'm sure at times my</p> <p>15 lingo and what I said -- well, actually, you know,</p> <p>16 probably, because I know at the time he was working, I</p> <p>17 think he had his first job in the investment field at</p> <p>18 the time, and I was pretty critical of it. And he</p> <p>19 knew that I thought it was -- I was very negative</p> <p>20 about the whole world of finance.</p> <p>21 Q. Did you explain to him the advantages of</p> <p>22 your negative attitude about the world of finance when</p> <p>23 you interviewed him?</p> <p>24 MR. ZITTER: Object to the form of</p> <p>25 the question.</p>
Page 15	Page 17
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 finance?</p> <p>3 A. No.</p> <p>4 Q. Did you have any previous experience</p> <p>5 prior to joining that boutique, in finance?</p> <p>6 A. No.</p> <p>7 Q. Where did you acquire your knowledge</p> <p>8 that you told Mr. Badian about with regard to your</p> <p>9 ability to do due diligence?</p> <p>10 MR. ZITTER: Object to the form of</p> <p>11 the question.</p> <p>12 MS. SCHECHTMAN: Object to form.</p> <p>13 A. Working with the boutique firm.</p> <p>14 Q. How long did you work there?</p> <p>15 A. Off and on, a year, year-and-a-half.</p> <p>16 Q. When you were admitted to Princeton to</p> <p>17 the graduate program, did you have a degree from any</p> <p>18 college?</p> <p>19 A. I had a BA from Reed.</p> <p>20 Q. Okay. And that at Reed, did you have</p> <p>21 any experience analyzing companies?</p> <p>22 A. If you call Marxist Critique of</p> <p>23 Capitalism. I studied a lot of Marxist. That was</p> <p>24 basically my only exposure. I could -- I read a lot</p> <p>25 of Karl Marx and a lot of his devotees, and a lot of</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MS. SCHECHTMAN: Same objection.</p> <p>3 A. I doubt I was very substantive.</p> <p>4 Q. Pardon?</p> <p>5 A. I doubt I was very substantive, probably</p> <p>6 a lot of cliches.</p> <p>7 Q. Now, when did you leave Rhino?</p> <p>8 A. I -- could you rephrase leave, as in</p> <p>9 leave payroll or leave the office, both?</p> <p>10 Q. When did you terminate your relationship</p> <p>11 with Rhino?</p> <p>12 A. I don't know the exact month, but the</p> <p>13 end of 2003.</p> <p>14 Q. During that period of time, did your job</p> <p>15 at Rhino change at all?</p> <p>16 A. During what period of time?</p> <p>17 MS. SCHECHTMAN: Object to form.</p> <p>18 Q. From the time you started, until you</p> <p>19 left?</p> <p>20 A. Yes.</p> <p>21 Q. Can you describe what your job evolved</p> <p>22 or how it evolved during that period of time?</p> <p>23 A. Sure.</p> <p>24 Q. Please do so.</p> <p>25 A. Began doing due diligence with not many</p>

5 (Pages 14 to 17)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 34	Page 36
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Did you ever review the files at Rhino</p> <p>3 to determine what the nature of Amro's investments</p> <p>4 were in SD and A?</p> <p>5 A. Can you -- you're asking if there's a</p> <p>6 file?</p> <p>7 MR. ZITTER: Repeat the question.</p> <p>8 Q. Did you ever review any files at Rhino</p> <p>9 to ascertain what the nature of Amro's investments</p> <p>10 were in SD and A?</p> <p>11 A. I might have at some point. It sounds</p> <p>12 like a specific question, and I have to say, I don't</p> <p>13 recall.</p> <p>14 Q. Now, how would you, in your words,</p> <p>15 describe the nature of the investments that Rhino</p> <p>16 negotiated on behalf of its clients in issuers?</p> <p>17 MS. SCHECHTMAN: Objection, form.</p> <p>18 MR. ZITTER: Yeah.</p> <p>19 A. That sounds very open ended. We were a,</p> <p>20 what's called a PIPE fund, provided private capital,</p> <p>21 mostly provided private capital to public companies</p> <p>22 through private placements of various kinds.</p> <p>23 Q. Did that include private equity lines of</p> <p>24 credit?</p> <p>25 A. Private equity lines of credit -- equity</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 been marked as Exhibit No. 4, which is a 21A report</p> <p>3 dated March 6, 2003. This was initially used in</p> <p>4 Robert Charron's deposition in this proceeding. I'd</p> <p>5 like you to take a look at Exhibit No. 4, please.</p> <p>6 A. By take a look, you want me to start</p> <p>7 reading it?</p> <p>8 MS. SCHECHTMAN: Ken, do you want him</p> <p>9 to read the whole document?</p> <p>10 Q. No. I just want you to take a look at</p> <p>11 the first page. Let's start with that. Do you recall</p> <p>12 that in May of 2003, Rhino filed a -- what's called a</p> <p>13 21(a) Report with the SEC?</p> <p>14 MS. SCHECHTMAN: Do you mean for him</p> <p>15 to have time to finish reviewing the first page?</p> <p>16 MR. GUIDO: Yes.</p> <p>17 A. I recall there was some requirement. I</p> <p>18 wouldn't have -- if you hadn't said the name 21(a), I</p> <p>19 wouldn't know it was a 21(a). But I know there was</p> <p>20 something.</p> <p>21 Q. Take a look at Exhibit A that starts at</p> <p>22 22639, Bates stamp.</p> <p>23 A. Okay.</p> <p>24 Q. And it goes through 22642.</p> <p>25 MS. SCHECHTMAN: Goes through what?</p>
Page 35	Page 37
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 lines, yes. I don't understand the private.</p> <p>3 Q. Did that include equity lines of credit?</p> <p>4 MS. SCHECHTMAN: Objection, form.</p> <p>5 A. If you mean, did -- by equity lines of</p> <p>6 credit, what we were talking about before, yes.</p> <p>7 Q. Did it include convertible debentures?</p> <p>8 A. Yes.</p> <p>9 Q. Did it include convertible preferred</p> <p>10 shares?</p> <p>11 A. Yes.</p> <p>12 Q. Who were the clients on whose behalf</p> <p>13 Rhino was making investments during the time you were</p> <p>14 there?</p> <p>15 A. I know of two clients. Amro was a</p> <p>16 client. I believe Creon was another client.</p> <p>17 Q. Any others?</p> <p>18 A. My understanding was those were the two</p> <p>19 master funds.</p> <p>20 Q. Did they also have entities that were</p> <p>21 referred to as special purpose vehicles, at the time</p> <p>22 you were there?</p> <p>23 MS. SCHECHTMAN: Object to form.</p> <p>24 A. Yes.</p> <p>25 Q. I'm going to show you a document that's</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MR. ZITTER: 642.</p> <p>3 Q. Did you have any discussions with anyone</p> <p>4 about the special purpose vehicles under Amro</p> <p>5 International that are listed at Bates stamp 22640?</p> <p>6 MS. SCHECHTMAN: Object to form. I'm</p> <p>7 sorry, Ken, can you repeat that question?</p> <p>8 Q. Did you have any discussions with anyone</p> <p>9 about special purpose vehicles that are listed under</p> <p>10 Amro International and Bates stamped 22640 on Exhibit</p> <p>11 No. 4?</p> <p>12 MS. SCHECHTMAN: Object to form.</p> <p>13 A. Just Amro or the ones that are Creon, as</p> <p>14 well?</p> <p>15 Q. I'm only asking about Amro's right now.</p> <p>16 A. It's sort of open -- I mean, yes, I had</p> <p>17 discussions.</p> <p>18 Q. Okay. What was the nature of the</p> <p>19 discussions?</p> <p>20 A. Why they existed, why they had special</p> <p>21 purpose vehicles, what the purpose of the special</p> <p>22 purpose vehicles was.</p> <p>23 Q. What were you told?</p> <p>24 A. I was told that --</p> <p>25 MS. SCHECHTMAN: Hold on, I'm just</p>

10 (Pages 34 to 37)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 38	Page 40
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 going to caution the witness. Can you just hold one</p> <p>3 second. I don't know if there's an attorney client</p> <p>4 privilege.</p> <p>5 MR. ZITTER: Right. If there's</p> <p>6 anything you were told by any attorney, you should</p> <p>7 not reveal.</p> <p>8 THE WITNESS: Okay.</p> <p>9 Q. Let me rephrase the question.</p> <p>10 You testified you were told something</p> <p>11 about these special purpose vehicles, about what</p> <p>12 their purposes were, why they were created and how</p> <p>13 they were used, is that your testimony, yes or no?</p> <p>14 A. Yes.</p> <p>15 Q. Now, what do you know about why they</p> <p>16 were created, how they were used, and when they were</p> <p>17 set up?</p> <p>18 MR. ZITTER: To the extent your</p> <p>19 information comes from an attorney, I'm directing</p> <p>20 you not to answer that. If it comes from other</p> <p>21 sources of information, you can freely answer the</p> <p>22 question.</p> <p>23 MR. GUIDO: Are you going to accept</p> <p>24 the advice of your --</p> <p>25 MR. ZITTER: Yes, he will.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 A. Yes.</p> <p>3 Q. And did you discuss the reasons for the</p> <p>4 creation of those special purpose vehicles with anyone</p> <p>5 at Rhino?</p> <p>6 MR. ZITTER: Other than an attorney.</p> <p>7 A. Yes.</p> <p>8 Q. Okay. And what is your understanding of</p> <p>9 why they were created?</p> <p>10 A. Same as the Amro.</p> <p>11 Q. So the special purpose vehicles that are</p> <p>12 listed under Amro, and correct me if I'm incorrect,</p> <p>13 were created to insulate Amro's liability for any</p> <p>14 investments that those special purpose vehicles,</p> <p>15 listed under Amro, made during the time you were at</p> <p>16 Rhino?</p> <p>17 MR. ZITTER: Object to the form of</p> <p>18 the question.</p> <p>19 MS. SCHECHTMAN: Object to the form.</p> <p>20 MR. ZITTER: He testified -- his</p> <p>21 testimony is clear on the record. You're restating</p> <p>22 of it may not be so clear.</p> <p>23 Q. Please answer the question, if you can.</p> <p>24 A. I believe so. I mean, this is -- I</p> <p>25 understood, generally, why special purpose vehicles</p>
Page 39	Page 41
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MR. GUIDO: I'm asking the witness,</p> <p>3 excuse me.</p> <p>4 A. What -- I don't know if it came from an</p> <p>5 attorney or not --</p> <p>6 Q. What do you know?</p> <p>7 A. I know that special purpose vehicles</p> <p>8 were set up to deal with liability issues, to insulate</p> <p>9 the mother funds from potential legal liabilities.</p> <p>10 Particularly, doing certain types of deals that</p> <p>11 exposed -- potentially exposed, the funds to</p> <p>12 shareholder actions, because we were a statutory</p> <p>13 underwriter and equity lines of credit.</p> <p>14 Q. What sort of shareholder actions are you</p> <p>15 referring to?</p> <p>16 A. The nebulous, any underwriter can get</p> <p>17 sued during a period of distribution-type action.</p> <p>18 Q. Was Amro a registered underwriter?</p> <p>19 MS. SCHECHTMAN: Object to form.</p> <p>20 A. Offshore entity doesn't need to be</p> <p>21 registered to be an underwriter, there's an exemption.</p> <p>22 Q. That's that your understanding?</p> <p>23 A. That's my understanding.</p> <p>24 Q. Now, with regard to Creon, do you see</p> <p>25 the list of special purpose vehicles there?</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 were populated.</p> <p>3 Q. At Rhino?</p> <p>4 A. At Rhino.</p> <p>5 Q. And that was -- and the purpose was</p> <p>6 again, what?</p> <p>7 MR. ZITTER: Asked and answered.</p> <p>8 MS. SCHECHTMAN: Asked and answered.</p> <p>9 Q. Please answer the question.</p> <p>10 MR. ZITTER: Do you want to reread</p> <p>11 his testimony?</p> <p>12 MR. GUIDO: No.</p> <p>13 Q. Please answer the question.</p> <p>14 MS. SCHECHTMAN: Your question was</p> <p>15 again, what?</p> <p>16 MR. GUIDO: I will call the judge if</p> <p>17 you keep interrupting me.</p> <p>18 MR. ZITTER: You can call the judge.</p> <p>19 He testified. You asked a separate question. You</p> <p>20 know, read his question.</p> <p>21 MS. SCHECHTMAN: Your question was,</p> <p>22 it was again what. I mean, that's asked and</p> <p>23 answered. We can read back the testimony.</p> <p>24 Q. Was one of the purposes of the creation</p> <p>25 of the special purpose vehicles of Amro to conceal</p>

11 (Pages 38 to 41)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 42	Page 44
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Amro's involvement in the investments?</p> <p>3 MS. SCHECHTMAN: Object to form.</p> <p>4 A. I'm troubled here, because I'm looking</p> <p>5 at this list, and I don't know exactly what these</p> <p>6 variation entities actually did. Some of them I</p> <p>7 recognize under Creon. Conceal -- I know at one</p> <p>8 points we had public relations disaster, and --</p> <p>9 MR. ZITTER: Answer the question. If</p> <p>10 you know, tell him. If you don't know, you don't</p> <p>11 know.</p> <p>12 MR. GUIDO: Counsel, will you please</p> <p>13 not interrupt the witness when he's answering the</p> <p>14 question.</p> <p>15 MR. ZITTER: Well, he wasn't</p> <p>16 answering the question, that's the problem.</p> <p>17 A. Can you rephrase the question then.</p> <p>18 Q. Was the purpose of -- one of the</p> <p>19 purposes of the creation of the special purpose</p> <p>20 vehicles to conceal Amro's investment in the companies</p> <p>21 that it extended money to?</p> <p>22 A. I can't answer that definitively.</p> <p>23 Q. Well, can you answer it, generally?</p> <p>24 A. I don't know.</p> <p>25 Q. When your investments were made by Rhino</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Were there any --</p> <p>3 MS. SCHECHTMAN: He was asking about</p> <p>4 concerns about it.</p> <p>5 MR. ZITTER: Why don't we read back</p> <p>6 the question.</p> <p>7 Listen to the question and answer the</p> <p>8 question.</p> <p>9 (The requested portion was read back</p> <p>10 by the reporter.)</p> <p>11 MS. SCHECHTMAN: Object to form.</p> <p>12 MR. ZITTER: I object to form, again.</p> <p>13 A. Discussions of concern, we were always</p> <p>14 wondering what the right way to sell short was, what</p> <p>15 the rules were, what the regulations were. I don't</p> <p>16 recall something, specifically, like how many days</p> <p>17 prior to conversion notice you can short, but I'm sure</p> <p>18 that discussion came up. But there was always</p> <p>19 concerns about what the rules and regulations were and</p> <p>20 how to do it right. That's how I'd answer that</p> <p>21 question. So yeah, we were always concerned.</p> <p>22 Q. Did you ever discuss limitations on</p> <p>23 short sales in convertible debentures with anyone at</p> <p>24 Rhino?</p> <p>25 MS. SCHECHTMAN: Object to form.</p>
Page 43	Page 45
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 on behalf of Amro and Creon, did you participate in</p> <p>3 any discussions leading up to those investments?</p> <p>4 A. Discussions with who?</p> <p>5 Q. Anyone at Rhino.</p> <p>6 A. Yes.</p> <p>7 Q. Okay. And was there a practice at Rhino</p> <p>8 to have meetings to discuss potential investments that</p> <p>9 were made on behalf of Amro and Creon in entities?</p> <p>10 MS. SCHECHTMAN: Object to form.</p> <p>11 A. Nothing formal. Informally, we tried to</p> <p>12 talk together to get everybody on the same page, but</p> <p>13 that was totally informal, and not always successful.</p> <p>14 Q. Do you recall any discussions about the</p> <p>15 concern that companies in which Amro and Creon</p> <p>16 invested, about the sale of their stock short, prior</p> <p>17 to any conversions?</p> <p>18 MS. SCHECHTMAN: Object to form.</p> <p>19 MR. ZITTER: Object to the form of</p> <p>20 the question. I don't understand the question.</p> <p>21 Q. Do you understand the question?</p> <p>22 A. You asking, specifically, about short</p> <p>23 sales prior to conversions?</p> <p>24 Q. Yes.</p> <p>25 A. Yes, I recall discussions.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MR. ZITTER: Can you repeat that</p> <p>3 question.</p> <p>4 (The requested portion was read back</p> <p>5 by the reporter.)</p> <p>6 In all of these questions where he's</p> <p>7 asking you about discussions, you must keep out of</p> <p>8 the equation any discussions you had with attorneys,</p> <p>9 because any discussions with attorneys would be</p> <p>10 subject to attorney client privilege, if there's any</p> <p>11 discussions that took place outside the discussions</p> <p>12 with attorneys.</p> <p>13 MR. GUIDO: Counsel, all I did was</p> <p>14 ask him whether or not he had any discussions. I</p> <p>15 didn't ask him about the subject matter of the</p> <p>16 discussions.</p> <p>17 MS. SCHECHTMAN: Well, the question</p> <p>18 asked about the subject matter of the discussion.</p> <p>19 A. Yes.</p> <p>20 Q. With whom?</p> <p>21 A. We all did. We all talked about it.</p> <p>22 MS. SCHECHTMAN: He asked you who.</p> <p>23 Q. Who is, we all?</p> <p>24 A. Thomas, Andreas, Alex, that's who I</p> <p>25 recall being part of the discussion, and our attorneys</p>

12 (Pages 42 to 45)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 46	Page 48
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 were part too, but distinguishing between what they</p> <p>3 said and private conversations and privileged</p> <p>4 conversations is tough for me to do, but I definitely</p> <p>5 had conversations outside of attorneys.</p> <p>6 Q. Did you ever have any discussions with</p> <p>7 anyone at Rhino about whether short sales of stock had</p> <p>8 violated any restrictions in a convertible debenture?</p> <p>9 A. Yes.</p> <p>10 Q. Did you have any of those discussions</p> <p>11 with regard to Amro's investment in Sedona?</p> <p>12 A. Yes.</p> <p>13 Q. With whom?</p> <p>14 A. The aforementioned three.</p> <p>15 Q. When?</p> <p>16 A. I can't put a time on it. I don't know</p> <p>17 if it was before or after the sort of -- they</p> <p>18 threatened with legal action and took legal action.</p> <p>19 It was some time -- at some point, it was an issue we</p> <p>20 discussed.</p> <p>21 Q. Were you aware at that time that there</p> <p>22 was a limitation on short sales in the convertible</p> <p>23 debenture with Sedona?</p> <p>24 MR. ZITTER: At what time, at the</p> <p>25 time of these discussions?</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 behalf of those clients?</p> <p>3 MR. ZITTER: Object to the form of</p> <p>4 the question.</p> <p>5 MS. SCHECHTMAN: Object to the form.</p> <p>6 A. I know in certain cases, we didn't sell</p> <p>7 a share short and wrote it off three years later. I</p> <p>8 mean you look at some of these companies like Acquis,</p> <p>9 I can list like five of them where we didn't sell a</p> <p>10 share short. I can tell you other ones where we did,</p> <p>11 so it was dependent.</p> <p>12 Q. Which ones were sold short?</p> <p>13 MS. SCHECHTMAN: Object to form.</p> <p>14 A. The ones I know about were Affinity and</p> <p>15 Sedona, off the top of my head.</p> <p>16 Q. Affinity, is that AFFI?</p> <p>17 A. That's right, yes.</p> <p>18 Q. And that's line 27 and 28 of Exhibit No.</p> <p>19 162?</p> <p>20 A. That's right.</p> <p>21 Q. What about AASI?</p> <p>22 A. Do you know the name of the company?</p> <p>23 Q. I just know the symbol.</p> <p>24 A. I might know it. I don't know. I don't</p> <p>25 know the name of the company. I can't say anything</p>
Page 47	Page 49
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. At the time of his discussions.</p> <p>3 A. That was the reason for the discussion.</p> <p>4 Q. Now, when Rhino invested Amro's funds,</p> <p>5 were documents created memorializing the agreements</p> <p>6 between Amro and the entities in which it invested?</p> <p>7 A. Yes.</p> <p>8 Q. And did you review those documents after</p> <p>9 they were signed?</p> <p>10 A. Not all the documents. It depended</p> <p>11 whether I was involved in the deal or not.</p> <p>12 Q. Let's take Sedona.</p> <p>13 A. Okay.</p> <p>14 Q. Did you review the documents with regard</p> <p>15 to Sedona?</p> <p>16 A. I would say, I definitely didn't review</p> <p>17 them until the issue came up, and then I probably did</p> <p>18 to look at --</p> <p>19 MR. ZITTER: Don't speculate. If you</p> <p>20 did, tell him. If you didn't, tell him.</p> <p>21 A. I'm quite sure I looked at that language</p> <p>22 at some point, the clause.</p> <p>23 Q. Was it a practice at Rhino to sell</p> <p>24 shares short, on behalf of its clients in entities in</p> <p>25 which it had entered into convertible debentures on</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 until I know the name of the company.</p> <p>3 Q. Okay. Look at line 56. ERVO, were</p> <p>4 sales sold short?</p> <p>5 A. That deal predated me even. I have no</p> <p>6 idea. I don't know.</p> <p>7 Q. You don't know?</p> <p>8 A. No.</p> <p>9 Q. Take a look at line 64 CALY, were sales</p> <p>10 sold short?</p> <p>11 A. I don't know.</p> <p>12 MS. SCHECHTMAN: Object to form.</p> <p>13 Q. And Sedona?</p> <p>14 MS. SCHECHTMAN: Object. Asked and</p> <p>15 answered. And object to form.</p> <p>16 A. Yes.</p> <p>17 Q. Okay. Now, in the cases of the</p> <p>18 companies where stocks were sold short, did you</p> <p>19 participate in any discussions about the reasons for</p> <p>20 such sales?</p> <p>21 A. Yes.</p> <p>22 Q. With whom?</p> <p>23 A. Alex, Thomas, Andreas, maybe at some</p> <p>24 point, Ken Hill.</p> <p>25 Q. Pardon?</p>

13 (Pages 46 to 49)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 58	Page 60
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. It doesn't refresh your recollection?</p> <p>3 A. No.</p> <p>4 Q. Does it refresh your recollection that</p> <p>5 Rhino was selling Sedona stock in order to push down</p> <p>6 its price in the spring of 2001?</p> <p>7 MS. SCHECHTMAN: Object to form.</p> <p>8</p> <p>9 A. No.</p> <p>10 Q. Pardon?</p> <p>11 A. No.</p> <p>12 Q. I'd like to show you Exhibit No. 135 in</p> <p>13 the Badian deposition. This is the raw copy of a</p> <p>14 document that was produced by Robert Charron with the</p> <p>15 assist of Rhino's counsel. It's Bates stamped 42874.</p> <p>16 It's Exhibit No. 135 from the Badian deposition.</p> <p>17 A. I read it.</p> <p>18 Q. You read the document?</p> <p>19 A. Yes.</p> <p>20 Q. It's dated March 30th, 2001. And it</p> <p>21 pertains to a limitation on short sales in the Sedona</p> <p>22 convertible debenture. Does this refresh your</p> <p>23 recollection when you first were aware of the</p> <p>24 limitation of short sales in the Sedona convertible</p> <p>25 debenture?</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Was there an investigator with her at</p> <p>3 the time?</p> <p>4 A. Yes. I forgot his name.</p> <p>5 Q. When was that?</p> <p>6 A. We met on at least two or three</p> <p>7 occasions.</p> <p>8 Q. What year?</p> <p>9 A. I don't remember. The first -- I don't</p> <p>10 even remember. I don't remember. It's been a couple</p> <p>11 years.</p> <p>12 Q. Do you recall what you were asked?</p> <p>13 A. I was asked hundreds of questions.</p> <p>14 Q. Was one of those questions, did Rhino</p> <p>15 sell Sedona shares short?</p> <p>16 A. I don't remember.</p> <p>17 Q. Were you shown the text of this e-mail</p> <p>18 in those interviews?</p> <p>19 A. I don't remember. I've seen it before</p> <p>20 but --</p> <p>21 Q. Have you discussed the text of the</p> <p>22 e-mail, which is marked 137, with anyone?</p> <p>23 A. I don't know. Vague recollection of</p> <p>24 things intersecting with what the Department of</p> <p>25 Justice was asking me, but not specific.</p>
Page 59	Page 61
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MS. SCHECHTMAN: Object to form.</p> <p>3 A. No.</p> <p>4 Q. I'd like to show you Exhibit No. 137.</p> <p>5 This is a document that was produced by Rhino Advisors</p> <p>6 and it's Bates stamped RA26500. Have you ever seen</p> <p>7 this document before?</p> <p>8 A. I saw parts of it in an SEC filing, in</p> <p>9 an SEC complaint. I recall seeing parts of it in</p> <p>10 either a press release or litigation release.</p> <p>11 MS. SCHECHTMAN: I think he's asking</p> <p>12 if you saw this e-mail.</p> <p>13 A. No, not this e-mail, no.</p> <p>14 Q. Have you seen the text?</p> <p>15 A. Again, in some sort of SEC motion or</p> <p>16 Department of Justice motion, I saw some of it</p> <p>17 reprinted there.</p> <p>18 Q. Who showed it to you?</p> <p>19 A. I read it on my own.</p> <p>20 Q. Were you interviewed about the Sedona</p> <p>21 matter by any criminal authorities?</p> <p>22 A. Yes.</p> <p>23 Q. Who?</p> <p>24 A. The department -- U.S. Assistant</p> <p>25 District Attorney, Marcia Isaacson, Marcia Isaacson.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Anyone other than the Department of</p> <p>3 Justice, did you have any discussions about the</p> <p>4 subject matter of the text of the e-mail that's been</p> <p>5 marked as Exhibit 137?</p> <p>6 MS. SCHECHTMAN: Object to the form.</p> <p>7 A. No.</p> <p>8 Q. Are you employed?</p> <p>9 A. I'm self-employed.</p> <p>10 Q. What do you do?</p> <p>11 A. I do -- my licenses are hanging with a</p> <p>12 registered broker dealer in San Diego. And I'm</p> <p>13 basically like a research consultant. I read a lot of</p> <p>14 filings, look for trends, and help support investment</p> <p>15 banking transactions.</p> <p>16 Q. Are you paid a salary?</p> <p>17 A. No.</p> <p>18 Q. Did you file a tax return for last year?</p> <p>19 A. I filed for late filing, for last year.</p> <p>20 Q. Do you know what your income was last</p> <p>21 year?</p> <p>22 A. I have two sources of income, part from</p> <p>23 self-employed, part from being paid back by Thomas</p> <p>24 Badian, which was an arrangement agreed by -- I don't</p> <p>25 know if that's income.</p>

16 (Pages 58 to 61)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 62	Page 64
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MR. ZITTER: Is it really material</p> <p>3 the amount of his income?</p> <p>4 MR. GUIDO: I'd like to have him</p> <p>5 answer the questions.</p> <p>6 A. Self-employed was a very bad year,</p> <p>7 self-generated income, 20, 30,000, and then 60 or</p> <p>8 80,000 from an agreed pay-back plan that took two</p> <p>9 years, from Rhino, from my Rhino employment.</p> <p>10 Q. Did you say pay-back plan?</p> <p>11 A. I was owed money, and never paid money.</p> <p>12 And it was brought up to the Department of Justice,</p> <p>13 and after couple years, they said, okay. My lawyer at</p> <p>14 first said, don't ask for it. And then we talked to</p> <p>15 the Department of Justice, and they said, okay. And</p> <p>16 so we entered into an arrangement through attorneys,</p> <p>17 without me dealing with Thomas, of a pay-back plan for</p> <p>18 170,000 over two years.</p> <p>19 Q. And that was money that you were owed</p> <p>20 when you left Rhino?</p> <p>21 A. Yes.</p> <p>22 Q. What were you owed that money for?</p> <p>23 A. Bonuses, that I never collected.</p> <p>24 Q. Bonuses for what?</p> <p>25 A. I was paid a subjective bonus.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Now, with regard to that, when was that?</p> <p>3 MR. ZITTER: When was what?</p> <p>4 Q. When was it that you had the discussions</p> <p>5 with Paul Fishman about the bonus agreement?</p> <p>6 A. I disclosed it initially upon his</p> <p>7 retainment, which was sometime in 2004 or late 2003,</p> <p>8 2004.</p> <p>9 Q. Was that before or after you were</p> <p>10 interviewed by the Department of Justice?</p> <p>11 A. I disclosed it to Paul Fishman before.</p> <p>12 Q. Before you --</p> <p>13 A. That this was an issue.</p> <p>14 Q. Okay. And did you enter into the</p> <p>15 agreement with Thomas Badian to have that money paid</p> <p>16 to you before or after you were interviewed by the</p> <p>17 Department of Justice?</p> <p>18 A. After all the meetings, after the last</p> <p>19 meeting.</p> <p>20 Q. Pardon?</p> <p>21 A. After the last meeting.</p> <p>22 Q. Okay. Did you have any discussions with</p> <p>23 Thomas Badian about the bonus agreement before you</p> <p>24 were interviewed by the Department of Justice?</p> <p>25 A. No.</p>
Page 63	Page 65
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Pardon?</p> <p>3 A. I was paid a subjective bonus. I was</p> <p>4 paid salary and bonus.</p> <p>5 Q. Any documents to reflect that bonus</p> <p>6 agreement?</p> <p>7 A. I don't believe we ever put it in</p> <p>8 documentation. The settlement -- I mean, the pay</p> <p>9 structure being paid back is in documentation.</p> <p>10 Q. But when you were with Rhino, was there</p> <p>11 any documentation of the bonus?</p> <p>12 A. No, I don't think so.</p> <p>13 Q. When you were at Rhino, were there any</p> <p>14 documentations that reflected the bonus arrangement?</p> <p>15 A. I don't believe so.</p> <p>16 Q. Subsequent to leaving Rhino, when did</p> <p>17 you first have discussions about the bonus agreement?</p> <p>18 MR. ZITTER: With whom?</p> <p>19 Q. With anyone?</p> <p>20 A. By agreement, do you mean, how much I</p> <p>21 was owed?</p> <p>22 Q. Yeah.</p> <p>23 A. My attorney.</p> <p>24 Q. Who was that at the time?</p> <p>25 A. Paul Fishman.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Did anyone on your behalf have</p> <p>3 discussions with Thomas Badian?</p> <p>4 A. No. I was told to not talk about it at</p> <p>5 all.</p> <p>6 Q. Now, subsequent to that, did you have</p> <p>7 any discussions with Thomas Badian about that bonus</p> <p>8 agreement?</p> <p>9 MR. ZITTER: Subsequent to when?</p> <p>10 Q. Subsequent to being interviewed by the</p> <p>11 Department of Justice?</p> <p>12 A. The actual documentation and --</p> <p>13 MR. ZITTER: It's a simple question,</p> <p>14 subsequent to that, did you have any conversations.</p> <p>15 A. Yes, yes.</p> <p>16 Q. Who did you have that discussion with?</p> <p>17 MS. SCHECHTMAN: The question was,</p> <p>18 did you have discussions with Thomas Badian.</p> <p>19 Q. Excuse me. When was that?</p> <p>20 A. This was sometime in 2005.</p> <p>21 Q. Okay.</p> <p>22 A. I think, or 2006, I don't know. But</p> <p>23 after my attorney and I talked to the Department of</p> <p>24 Justice, my attorney contacted his attorney, and I</p> <p>25 told Thomas to expect this. We didn't talk about it</p>

17 (Pages 62 to 65)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 66	Page 68
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 in specifics. I was told not to talk about it in</p> <p>3 specifics, not to talk about numbers. That all went</p> <p>4 through the attorneys but.</p> <p>5 Q. So did you call Thomas?</p> <p>6 A. I don't recall how we talked, maybe</p> <p>7 e-mail.</p> <p>8 Q. And that was sometime in 2005, did you</p> <p>9 say?</p> <p>10 A. I don't know the date. It might have</p> <p>11 been 2006. I don't recall.</p> <p>12 Q. In that conversation that you had with</p> <p>13 Thomas, where you told him that you thought he owed</p> <p>14 you money?</p> <p>15 A. Uh-huh.</p> <p>16 Q. Is that what you did?</p> <p>17 MR. ZITTER: Object to the form of</p> <p>18 the question.</p> <p>19 MS. SCHECHTMAN: Object to the form.</p> <p>20 Q. In that conversation, did you tell</p> <p>21 Thomas you thought he owed you money?</p> <p>22 MS. SCHECHTMAN: Object to form.</p> <p>23 A. I said, you know, we have this</p> <p>24 outstanding balance, and you know, I really need the</p> <p>25 money now. And the DOJ is fine with it. He said,</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. The first year, were you paid a bonus?</p> <p>3 A. Yes.</p> <p>4 Q. How much?</p> <p>5 A. I don't remember.</p> <p>6 Q. Was that 2000, the year 2000?</p> <p>7 A. Yes.</p> <p>8 Q. The second year, were you paid a bonus?</p> <p>9 A. Second year, yes.</p> <p>10 Q. How much?</p> <p>11 A. The second year was, I recall 100,000.</p> <p>12 Q. And that was 2001; is that correct?</p> <p>13 A. Yeah.</p> <p>14 Q. 2002, were you paid a bonus?</p> <p>15 A. 2002, yes, yes.</p> <p>16 Q. How much was it?</p> <p>17 A. I don't know the exact number. I don't</p> <p>18 remember.</p> <p>19 Q. Was it paid to you?</p> <p>20 A. Only partially.</p> <p>21 Q. Only partially?</p> <p>22 A. Right. When I needed money, I asked for</p> <p>23 it, and there was a running tally.</p> <p>24 Q. How was the bonus calculated?</p> <p>25 A. Subjectively. And by 2002, we were</p>
Page 67	Page 69
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 fine, have your attorney call my attorney, set it up</p> <p>3 between the attorneys. He recognized that he owed me</p> <p>4 money, but didn't want to talk about it in specifics.</p> <p>5 Q. Did you tell him in that conversation</p> <p>6 that you had spoken to the Department of Justice?</p> <p>7 MS. SCHECHTMAN: Object to form.</p> <p>8 A. Yes.</p> <p>9 Q. Did you say anything about what you told</p> <p>10 the Department of Justice to Thomas in that</p> <p>11 conversation?</p> <p>12 A. No, no.</p> <p>13 Q. Did you tell him why he owed you money?</p> <p>14 MS. SCHECHTMAN: Object to form.</p> <p>15 A. I didn't need to. He knew he owed me</p> <p>16 money.</p> <p>17 Q. And it was a bonus?</p> <p>18 A. It was every year, like industry</p> <p>19 practice, we were paid a subjective bonus. And I let</p> <p>20 it collect. I don't know, it represented maybe a</p> <p>21 year-and-a-half bonuses, or two years.</p> <p>22 Q. How many years were you employed there?</p> <p>23 A. I was there for almost four --</p> <p>24 three-and-three-quarters of a year,</p> <p>25 three-and-two-thirds of a year.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 renegotiated, and I asked for a certain percentage of</p> <p>3 the profits and losses. And he said he would pay me</p> <p>4 4% of profits.</p> <p>5 Q. Of the profits of what?</p> <p>6 A. Of the investments that Rhino was</p> <p>7 responsible for for that year, as calculated that</p> <p>8 year.</p> <p>9 Q. He would pay you 4% of the profits that</p> <p>10 Rhino had generated for its clients; is that what</p> <p>11 you're saying?</p> <p>12 A. Yeah. By 2002, that was the agreement.</p> <p>13 Q. In 2002?</p> <p>14 A. At some point in 2002.</p> <p>15 Q. Take a look at Exhibit No. 4.</p> <p>16 MS. SCHECHTMAN: He's going to direct</p> <p>17 you.</p> <p>18 Q. I'm going to direct your attention to</p> <p>19 page 22609.</p> <p>20 A. Okay.</p> <p>21 Q. You see the paragraph says; a portfolio</p> <p>22 management agreement exists between Rhino and Creon?</p> <p>23 A. Right.</p> <p>24 Q. And it appears to exist between Rhino</p> <p>25 and Amro?</p>

18 (Pages 66 to 69)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 70	Page 72
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 A. Okay.</p> <p>3 Q. Now, look down the fifth line, at the</p> <p>4 end it says; these documents also provide that Rhino</p> <p>5 is entitled to receive a performance based fee equal</p> <p>6 to 2% of the appreciation of the total assets under</p> <p>7 management, including net realized and net investment</p> <p>8 income as adjusted pursuant to provisions of the</p> <p>9 portfolio management agreement. See that?</p> <p>10 A. Uh-huh.</p> <p>11 Q. You just testified that you had an</p> <p>12 unwritten agreement with Thomas that he would pay you</p> <p>13 4% of the profits of those entities?</p> <p>14 A. That was my understanding.</p> <p>15 Q. Isn't it true, no such agreement</p> <p>16 existed?</p> <p>17 MR. ZITTER: Object to the form of</p> <p>18 the question.</p> <p>19 A. Such an agreement what?</p> <p>20 Q. Between you and Thomas for a bonus.</p> <p>21 MS. SCHECHTMAN: Object to form.</p> <p>22 A. There was definitely a verbal agreement.</p> <p>23 Q. There was a verbal agreement?</p> <p>24 A. Yes.</p> <p>25 Q. But it wasn't ever put into writing?</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 discussing an agreement that you had with Thomas</p> <p>3 Badian to pay you funds?</p> <p>4 A. Right.</p> <p>5 Q. Is there any outstanding balance on</p> <p>6 that?</p> <p>7 A. No, it's done.</p> <p>8 Q. When was the last time you received a</p> <p>9 payment?</p> <p>10 A. It was the -- what would the date be,</p> <p>11 the date would be the end -- the beginning of Q4, last</p> <p>12 year.</p> <p>13 Q. So the beginning of?</p> <p>14 A. Q4, it was quarterly. So last payment</p> <p>15 was Q3, the end of Q3.</p> <p>16 MR. GUIDO: We have to go off the</p> <p>17 record. I'm sorry.</p> <p>18 THE VIDEOGRAPHER: Going off the</p> <p>19 record. The time is 1:25.</p> <p>20 We're back on the record. The time</p> <p>21 is 1:28.</p> <p>22 Q. When did the payments start with this</p> <p>23 agreement with Thomas?</p> <p>24 MS. SCHECHTMAN: Object to form,</p> <p>25 asked and answered.</p>
Page 71	Page 73
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MS. SCHECHTMAN: Asked and answered.</p> <p>3 A. No.</p> <p>4 MR. ZITTER: That's the definition of</p> <p>5 a verbal agreement.</p> <p>6 Q. And were you paid this in, part of it,</p> <p>7 in 2002, I think you testified?</p> <p>8 A. Well, the bonuses were handed down</p> <p>9 basically at the end of the year, so I would have been</p> <p>10 paid over the next year, right. As I took it in, you</p> <p>11 know, I never, you know, I just left it there.</p> <p>12 Q. What was your salary at Rhino?</p> <p>13 A. It was either 90 or 100,000 a year.</p> <p>14 MR. GUIDO: Why don't we take a break</p> <p>15 for lunch. It is now 12:30. Why don't we reconvene</p> <p>16 at quarter after 1.</p> <p>17 MR. ZITTER: Okay.</p> <p>18 THE VIDEOGRAPHER: This marks the end</p> <p>19 of tape number two in the videotape deposition of</p> <p>20 Stefan Siegel. The time is 12:31. We are off the</p> <p>21 record.</p> <p>22 This marks the beginning of tape</p> <p>23 number 3 in the deposition of Stefan Siegel. The</p> <p>24 time is 1:24. We are back on the record.</p> <p>25 Q. Mr. Siegel, when we broke, we were</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 A. My recollection is the -- there was a</p> <p>3 payment, first payment at the end of 2006, and then it</p> <p>4 continued through 2007, and three quarters of 2008.</p> <p>5 Q. And when was the agreement entered into</p> <p>6 with him in writing?</p> <p>7 MS. SCHECHTMAN: Object to form.</p> <p>8 MR. ZITTER: Object to the form of</p> <p>9 the question.</p> <p>10 A. I don't recall the exact date.</p> <p>11 Q. Was it before or after he -- the</p> <p>12 criminal authorities filed a complaint against him?</p> <p>13 MS. SCHECHTMAN: Object to form.</p> <p>14 MR. ZITTER: Yeah. You're assuming</p> <p>15 he knows when the criminal authorities filed the</p> <p>16 complaint. I mean, I think that was unfair.</p> <p>17 Q. I'm going to show you Exhibit No. 163,</p> <p>18 which is a printout from Pacer which has the</p> <p>19 transactions that you were involved in U.S.A. versus</p> <p>20 Badian, and this is defendant Thomas Badian, at 163,</p> <p>21 is that what your Exhibit No. says, Exhibit 163?</p> <p>22 A. Yes, so much after, long after.</p> <p>23 Q. Long after. Okay. When you met with</p> <p>24 the people from the Department of Justice, was it an</p> <p>25 interview?</p>

19 (Pages 70 to 73)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 74	Page 76
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 A. I don't know how to define it.</p> <p>3 Q. Well, did you appear before a grand</p> <p>4 jury?</p> <p>5 A. Yes.</p> <p>6 Q. You did?</p> <p>7 A. Uh-huh.</p> <p>8 Q. Were you interviewed by somebody before</p> <p>9 that?</p> <p>10 A. Yes.</p> <p>11 Q. Was it a Mr. Manchek?</p> <p>12 A. I don't know.</p> <p>13 Q. Was it a man?</p> <p>14 A. The first time there were a few people</p> <p>15 there, but it was, Marcia Isaacson was the DA that I</p> <p>16 knew.</p> <p>17 Q. Okay. Did you meet with Marcia</p> <p>18 Isaacson, did you meet with her more than one time</p> <p>19 before you went before the grand jury?</p> <p>20 A. I recall just one. My recollection is</p> <p>21 one day, and then partial of another day, and then</p> <p>22 going into the grand jury.</p> <p>23 Q. How long did you testify before the</p> <p>24 grand jury?</p> <p>25 A. No longer than an hour.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. And would you provide us with a copy of</p> <p>3 the written agreement that you entered into with</p> <p>4 Thomas?</p> <p>5 MR. ZITTER: We'll take that under</p> <p>6 advisement.</p> <p>7 Q. Now, how much money in total did you</p> <p>8 receive from Thomas Badian under that agreement that</p> <p>9 you entered into with him after you testified before</p> <p>10 the grand jury?</p> <p>11 MS. SCHECHTMAN: Object to form.</p> <p>12 A. I think it was 170.</p> <p>13 Q. 170,000?</p> <p>14 A. Yes.</p> <p>15 Q. What was that for, what year's bonuses?</p> <p>16 MS. SCHECHTMAN: Object to the form.</p> <p>17 A. Part of '01, '02, that was it,</p> <p>18 basically.</p> <p>19 Q. Prior to making the call to Thomas</p> <p>20 Badian after you appeared before the grand jury, did</p> <p>21 you ever contact him and notify him that you thought</p> <p>22 he owed you money under a bonus agreement that you had</p> <p>23 entered into when you were at Rhino?</p> <p>24 MR. ZITTER: Objection to form of the</p> <p>25 question.</p>
Page 75	Page 77
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Now, was it before or after the criminal</p> <p>3 complaint that's referred to in Exhibit 163?</p> <p>4 A. After.</p> <p>5 MS. SCHECHTMAN: Object to form.</p> <p>6 MR. ZITTER: Can we establish a date,</p> <p>7 'cause I don't see a date that's clear.</p> <p>8 THE WITNESS: 12 --</p> <p>9 MR. ZITTER: Well, that's the date on</p> <p>10 this particular sheet. I don't know if that's the</p> <p>11 date the complaint was filed.</p> <p>12 Q. Date filed was 12/3, 2003. So it was</p> <p>13 after that date?</p> <p>14 A. Uh-huh.</p> <p>15 Q. Was it a year after?</p> <p>16 A. Probably about a year.</p> <p>17 MR. ZITTER: If you don't recall,</p> <p>18 don't speculate.</p> <p>19 Q. Did you appear before the grand jury</p> <p>20 before you made the telephone call to Thomas Badian to</p> <p>21 tell him he owed you money?</p> <p>22 MS. SCHECHTMAN: Object to form.</p> <p>23 A. Yes, before.</p> <p>24 Q. Pardon?</p> <p>25 A. Before.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MS. SCHECHTMAN: Objection to form.</p> <p>3 A. I was told not to talk about it with</p> <p>4 him, so I didn't.</p> <p>5 Q. Who told you not to talk about that?</p> <p>6 A. My attorney, Paul Fishman.</p> <p>7 Q. When did you hire Mr. Fishman?</p> <p>8 A. He was hired, I think, in 2004.</p> <p>9 Q. In 2004. Prior to 2004, did you ever</p> <p>10 tell Thomas Badian that he owed you bonus money from</p> <p>11 your work at Rhino?</p> <p>12 MS. SCHECHTMAN: Objection to form.</p> <p>13 A. Yes. He knew there was an outstanding</p> <p>14 balance.</p> <p>15 MR. ZITTER: That's not the question.</p> <p>16 Listen to the question. Answer the question.</p> <p>17 A. Prior to --</p> <p>18 Q. Prior to 2004, when you retained</p> <p>19 Mr. Fishman, did you ever tell --</p> <p>20 A. Probably a year prior to.</p> <p>21 Q. Pardon?</p> <p>22 A. Yes, yes.</p> <p>23 Q. When?</p> <p>24 A. I left New York in the summer of 2003.</p> <p>25 So I would imagine around then.</p>

20 (Pages 74 to 77)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 78	Page 80
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. What did you tell him, when you told him</p> <p>3 that he owed you money under a bonus agreement that</p> <p>4 you had with Rhino when you were employed by them?</p> <p>5 MS. SCHECHTMAN: Object to form.</p> <p>6 A. Actually, I recall now, at some point I</p> <p>7 was still on payroll, and that ended sometime in '03,</p> <p>8 maybe September, October of '03. And we had a</p> <p>9 conversation. And he said, I know, I owe you money,</p> <p>10 do you want it now. And I said, no.</p> <p>11 Q. You were employed at Rhino in '03?</p> <p>12 A. I was still on payroll.</p> <p>13 Q. Was Rhino still in operation in '03?</p> <p>14 A. Yeah.</p> <p>15 Q. Now, when you called Thomas after you</p> <p>16 appeared before the grand jury, where was he located?</p> <p>17 MR. ZITTER: Object to the form of</p> <p>18 the question.</p> <p>19 MS. SCHECHTMAN: Object to the form.</p> <p>20 A. I realize, now, I'm not sure whether I</p> <p>21 called him or not or whether it was e-mail or he</p> <p>22 called me or the attorney talked, but at some point I</p> <p>23 communicated to him that it was okay with the DOJ, and</p> <p>24 my lawyer, the lawyers were going to talk. And he</p> <p>25 said, do it all through the attorney. And the second</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 firm, initially from -- I forgot Steven Cohen's law</p> <p>3 firm. And then from another law firm.</p> <p>4 Q. And where were those wire transfers sent</p> <p>5 to?</p> <p>6 A. To my checking account.</p> <p>7 Q. Where is your checking account?</p> <p>8 A. A bank called Torrey Pines.</p> <p>9 Q. Pardon?</p> <p>10 A. Called Torrey Pines.</p> <p>11 Q. Called the Bank of Torrey Pines bank?</p> <p>12 A. It's called Torrey Pines bank.</p> <p>13 Q. Do you know the bank account number?</p> <p>14 A. I don't know it offhand.</p> <p>15 Q. Is it an account in your name?</p> <p>16 A. Yes.</p> <p>17 Q. What's your Social Security number</p> <p>18 again?</p> <p>19 A. [REDACTED]</p> <p>20 Q. Will you obtain the wire bank transfer</p> <p>21 records from your bank for us?</p> <p>22 MR. ZITTER: We'll take that under</p> <p>23 advisement, also.</p> <p>24 Q. Do you know the source of funds for</p> <p>25 Amro's investments in the companies that it invested</p>
Page 79	Page 81
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 part of question was --</p> <p>3 Q. Where was he?</p> <p>4 A. Where was he?</p> <p>5 Q. Yeah.</p> <p>6 A. My understanding, I don't know where he</p> <p>7 was. I don't know where he was. I'd have to</p> <p>8 speculate.</p> <p>9 Q. But you called him?</p> <p>10 MS. SCHECHTMAN: Object to the form.</p> <p>11 MR. ZITTER: Object to the form.</p> <p>12 He's testified at least three times to that subject.</p> <p>13 A. I don't know if I called him or not, I</p> <p>14 don't know.</p> <p>15 Q. Okay. But you did --</p> <p>16 A. I had a phone number.</p> <p>17 Q. Pardon?</p> <p>18 A. I had a cell phone number.</p> <p>19 Q. When you received the payments in</p> <p>20 satisfaction of that agreement that you had with</p> <p>21 Thomas Badian that you had entered into after you</p> <p>22 appeared before the grand jury, were the payments in</p> <p>23 cash?</p> <p>24 MS. SCHECHTMAN: Object to form.</p> <p>25 A. They were wire transfers from his law</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 in while you were at Rhino?</p> <p>3 A. I don't know for sure.</p> <p>4 Q. What do you know?</p> <p>5 MS. SCHECHTMAN: Object to form.</p> <p>6 A. It would be speculation.</p> <p>7 MR. ZITTER: Don't speculate.</p> <p>8 Q. Don't speculate. Were you ever told?</p> <p>9 MS. SCHECHTMAN: Object to form.</p> <p>10 Were you ever told what?</p> <p>11 Q. Were you ever told the source of funds</p> <p>12 that Amro had to make the investments in the companies</p> <p>13 while you were at Rhino?</p> <p>14 A. I knew who some of the investors were,</p> <p>15 but not all of them.</p> <p>16 Q. Okay. Who did you know?</p> <p>17 A. I knew at least his family was an</p> <p>18 investor.</p> <p>19 Q. Thomas Badian's family?</p> <p>20 A. Uh-huh.</p> <p>21 Q. Which members of his family?</p> <p>22 A. That I don't know.</p> <p>23 Q. How do you know that?</p> <p>24 A. It was just known.</p> <p>25 Q. What do you mean, it was just known?</p>

21 (Pages 78 to 81)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 90	Page 92
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Pardon?</p> <p>3 A. My understanding was that it was family</p> <p>4 writ large.</p> <p>5 Q. What do you mean writ large?</p> <p>6 A. Family, I don't know if it was uncle,</p> <p>7 cousin, father, a mixture, don't know.</p> <p>8 Q. Blood relatives?</p> <p>9 A. Badian family.</p> <p>10 Q. Huh?</p> <p>11 A. Badian family.</p> <p>12 Q. Blood relatives?</p> <p>13 MS. SCHECHTMAN: Objection.</p> <p>14 A. I can't answer that, I don't know.</p> <p>15 Q. What do you mean by Badian family?</p> <p>16 A. His people he -- related to him.</p> <p>17 Q. In what way?</p> <p>18 A. I don't know. I don't know. I know he</p> <p>19 had a lot of family in Europe. I didn't know all the</p> <p>20 members. I didn't know who did what or where they all</p> <p>21 got their money from, but I didn't know.</p> <p>22 Q. But it's your understanding that the</p> <p>23 initial funding for Amro came from what you call the</p> <p>24 Badian family?</p> <p>25 MS. SCHECHTMAN: Object to form.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MS. SCHECHTMAN: Object to form.</p> <p>3 A. I don't know.</p> <p>4 Q. Do you know Robert Charron?</p> <p>5 A. Yes.</p> <p>6 Q. How do you know him?</p> <p>7 A. He was frequently engaged as a lawyer by</p> <p>8 Rhino, by us, to do deal documents, to paper the</p> <p>9 transactions.</p> <p>10 Q. Look at Exhibit No. 4, again, please.</p> <p>11 MR. ZITTER: Is that the 21(a)?</p> <p>12 A. This one.</p> <p>13 Q. Did you provide any information to</p> <p>14 Robert Charron, when he was preparing this report</p> <p>15 that's been marked as Exhibit No. 4?</p> <p>16 A. I don't know. I don't know. I don't</p> <p>17 remember.</p> <p>18 Q. Did he ever approach you --</p> <p>19 A. I don't recall.</p> <p>20 Q. Excuse me -- and ask you for information</p> <p>21 to be included in that report?</p> <p>22 A. I don't recall.</p> <p>23 Q. Were you employed by Rhino in June of</p> <p>24 2003?</p> <p>25 MS. SCHECHTMAN: Objection. Asked</p>
Page 91	Page 93
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 MR. ZITTER: Objection.</p> <p>3 A. I don't know about initial funding. I</p> <p>4 don't know about what the first dollar came from. I</p> <p>5 don't know the source of that. I don't know.</p> <p>6 Q. Well, to your understanding, did Amro</p> <p>7 have any other sources of funds, other than the Badian</p> <p>8 family?</p> <p>9 A. I don't know.</p> <p>10 Q. Did Creon have any other sources of</p> <p>11 funds, other than the Badian family?</p> <p>12 MS. SCHECHTMAN: Object to form. I</p> <p>13 don't believe there's been any testimony about that.</p> <p>14 A. I have -- I don't know. I don't know.</p> <p>15 Q. Have you ever heard, before I asked you</p> <p>16 the question, a reference to a Badian family trust?</p> <p>17 A. A family trust, no, trust -- no.</p> <p>18 Q. Did Thomas Badian have a source of</p> <p>19 income, other than the profits that were derived from</p> <p>20 Rhino's operations?</p> <p>21 MS. SCHECHTMAN: Object to form.</p> <p>22 A. I don't know. I don't know.</p> <p>23 Q. Did Andreas Badian have a source of</p> <p>24 funds, other than the money that he derived from his</p> <p>25 activities from the acts of Rhino?</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 and answered.</p> <p>3 A. I was still on payroll, yes, I was</p> <p>4 employed. But about that time I was leaving New York.</p> <p>5 I think I left in June.</p> <p>6 Q. Let me hand you Exhibit No. 12. I want</p> <p>7 to direct your attention to Exhibit No. 12, this is a,</p> <p>8 an amended response to the Security and Exchange</p> <p>9 Commission's request, and it's dated -- it's unclear.</p> <p>10 It's either June or July 17th of 2003, on the last</p> <p>11 page. And I want to direct your attention to page 15.</p> <p>12 See where it says, Stefan Siegel?</p> <p>13 A. Yes.</p> <p>14 Q. And it has a date of January 13th, 2000,</p> <p>15 as a start date. Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. And then it says, to present. Okay?</p> <p>18 A. Yes.</p> <p>19 Q. And it has other information about you</p> <p>20 on there. The title, portfolio manager, manager of</p> <p>21 due diligence and business development; is that</p> <p>22 accurate?</p> <p>23 A. Loosely, I mean --</p> <p>24 Q. Okay. Then it has home address; is that</p> <p>25 accurate at the time?</p>

24 (Pages 90 to 93)

Stefan Siegel

CONFIDENTIAL
New York, NY

July 28, 2009

Page 94	Page 96
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 A. No, that was years' old.</p> <p>3 Q. Pardon?</p> <p>4 A. That was years' old.</p> <p>5 Q. That address was years' old?</p> <p>6 A. Yes.</p> <p>7 Q. I didn't say accurate at this time. At</p> <p>8 that time?</p> <p>9 A. No, it was still years' old.</p> <p>10 Q. So that was inaccurate?</p> <p>11 A. It was inaccurate.</p> <p>12 Q. The business address, was that accurate?</p> <p>13 A. Yeah, except for the floor number.</p> <p>14 Q. And the compensation figures, were those</p> <p>15 accurate?</p> <p>16 A. Those are -- that's what I received from</p> <p>17 Rhino payroll, yes.</p> <p>18 Q. Now, look at the first page of the</p> <p>19 document, four lines down, and it's the sentence that</p> <p>20 says; the information contained herein is based solely</p> <p>21 on a review of the documents, because no current Rhino</p> <p>22 employees were willing to speak with me regarding the</p> <p>23 substance of my review on this matter. See that</p> <p>24 sentence?</p> <p>25 A. Yes.</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Would you read 164.</p> <p>3 A. Yeah.</p> <p>4 Q. Have you had a chance to read 165?</p> <p>5 A. They appear to be the same text.</p> <p>6 Q. Huh?</p> <p>7 A. I think it's a copy of the same, to a</p> <p>8 different person.</p> <p>9 Q. Did you write those e-mails?</p> <p>10 A. Says I did, yes, it looks like my</p> <p>11 writing. And it says it's from me, yes.</p> <p>12 MS. SCHECHTMAN: He's asking, do you</p> <p>13 recall writing these e-mails.</p> <p>14 A. Vaguely. I know the situation. I know</p> <p>15 the context.</p> <p>16 Q. What is the context?</p> <p>17 A. The context is, Stacy Mosher, who wrote</p> <p>18 for the Daily Deal was writing these articles that</p> <p>19 were based on this anonymously submitted report, that</p> <p>20 was accusing us of all sorts of stuff, accused Rhino</p> <p>21 of all sorts of conspiracies and called us terrorists</p> <p>22 and drug dealers and all sorts of stuff.</p> <p>23 Q. Who is Stacy Mosher, again?</p> <p>24 A. She was an author for a web based --</p> <p>25 well, actually, I think they were print at the time,</p>
Page 95	Page 97
<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 Q. Does that refresh your recollection that</p> <p>3 Robert Charron asked you questions to prepare the</p> <p>4 document that's marked as Exhibit No. 4?</p> <p>5 MS. SCHECHTMAN: Object to form.</p> <p>6 A. No, not really.</p> <p>7 Q. When you were interviewed by the U.S.</p> <p>8 Attorney's Office, did you refuse to answer any of</p> <p>9 their questions?</p> <p>10 A. We're getting into legal matters here.</p> <p>11 Q. No, I just asked you whether you</p> <p>12 refused?</p> <p>13 A. I know I initially took the Fifth or was</p> <p>14 going to take the Fifth and --</p> <p>15 Q. You were?</p> <p>16 A. And then an agreement was negotiated,</p> <p>17 and I talked to them after that.</p> <p>18 Q. Okay.</p> <p>19 MR. GUIDO: I'd like to have that</p> <p>20 marked as Exhibit No. 164.</p> <p>21 (Exhibit No. 164, Memo dated 11/8/01,</p> <p>22 was marked for identification at this time.)</p> <p>23 (Exhibit No. 165, duplicate of</p> <p>24 Exhibit 164, was marked for identification at this</p> <p>25 time.)</p>	<p>1 STEFAN SIEGEL - CONFIDENTIAL</p> <p>2 but business periodical called the Daily Deal.</p> <p>3 MS. SCHECHTMAN: I just want to</p> <p>4 clarify, are you basing that on what you're reading</p> <p>5 or your recollection?</p> <p>6 THE WITNESS: I recollect her.</p> <p>7 Q. Well, who is T. Morris, on 165?</p> <p>8 A. I don't remember him, but I can make a</p> <p>9 guess.</p> <p>10 MR. ZITTER: Don't guess.</p> <p>11 A. You don't want me to guess.</p> <p>12 Q. Who is Ed Fitzgerald in Exhibit 164?</p> <p>13 A. Him I remember. He was a CFO of a</p> <p>14 biotech company. I don't recall the name of it.</p> <p>15 Q. Of a what?</p> <p>16 A. Of a biotech company, but I don't recall</p> <p>17 the name of it.</p> <p>18 Q. Was it a biotech company that you were</p> <p>19 negotiating financing for?</p> <p>20 A. Yes.</p> <p>21 MS. SCHECHTMAN: Object to form.</p> <p>22 Q. Is Mr. Morris also a person who you were</p> <p>23 negotiating with?</p> <p>24 A. I believe so. I don't recall, though.</p> <p>25 Q. Now, see the second sentence of Exhibit</p>

25 (Pages 94 to 97)